



MOUNTAINS RECREATION & CONSERVATION AUTHORITY

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MEMORANDUM

TO: The Governing Board

FROM:  Joseph T. Edmiston, FAICP, Executive Officer

DATE: July 12, 2006

SUBJECT: **Agenda Item XII: Consideration of resolution authorizing the sale of Transfer of Development Credits of future properties to be acquired in the Coastal Zone portion of the Santa Monica Mountains.**

Staff Recommendation: That the Governing Board adopt the attached resolution authorizing the sale of Transfer of Development Credits of future properties to be acquired in the Coastal Zone portion of the Santa Monica Mountains.

Background: The California Coastal Commission's Transfer of Development Credit (TDC) program is designed as a method of mitigating the adverse cumulative effects of new land division in the Santa Monica Mountains/Malibu Coastal Zone. The Mountains Recreation and Conservation Authority (MRCA) formerly participated in the sale of TDCs in the Santa Monica Mountains administered by the California Coastal Commission (Commission). The Commission and Commission staff eventually discouraged the sale of TDCs from existing protected public lands. The Commission's June 1999 study, entitled, "*Santa Monica Mountains/Malibu Regional Cumulative Assessment Project* (ReCap)," calls for continuation of the TDC project under more confined guidelines—such as tougher qualification standards for TDC eligible parcels.

Numerous tax defaulted parcels are available annually in the Santa Monica Mountains. Many have low sale prices and require payment by the MRCA through Chapter 8 sales at disparate times and with short notice. Grants from the Santa Monica Mountains Conservancy or the use of the new Coastal Habitat Impact Mitigation Fund are not always well suited for the acquisition of such parcels under these conditions.

In the past six months, in particular, staff has received many inquiries about the ability of the MRCA to use private funds to purchase private parcels that in turn would provide TDC credits to the funding entity. Apparently few TDCs are available on the private market for even reasonable prices. The meshing of the need for

TDCs in the development community, and the MRCA's need to find funding sources for Chapter 8 sale properties in the Coastal Zone, presents a fruitful opportunity to accelerate the protection of land.

The idea has been presented to the Commission staff and they have provided feedback about the eligibility of specific parcels. The final determination of whether this mechanism can move forward must come from the Executive Director of the Commission. Although that approval is still pending, staff is seeking authorization to continue working with both the Commission staff and developers because the MRCA is obligated to fund a couple of Chapter 8 sales in the near future. Time is of the essence.

Essentially the Commission staff would pre-qualify properties that the MRCA hopes to acquire. That qualification would include either fractional or whole TDC credit for each parcel. Staff would negotiate a price with a buyer for either fractional or whole TDC credits ahead of time. In the brief window when the MRCA must make payment on a Chapter 8 sale, the buyer would provide the funding to the MRCA to pay the Los Angeles County Treasurer and Tax Collector. How and when the Commission grants credit to the buyer would need to be worked out. In the spirit of the program, the MRCA would need to record a permanent deed restriction on each property for which TDC credit is awarded.